

Trump Roars Again on Trade, Reviewing Steel



By MARK LANDLER

WASHINGTON — President Trump added a new name Thursday to the list of countries he accuses of preying on American workers and exploiting naïve American trade policies: Canada.

“What they’ve done to our dairy farm workers is a disgrace,” Mr. Trump said as he ordered a sweeping investigation into whether steel imports are harming America’s national security. “We can’t let Canada or anybody else take advantage and do what they did to our workers and to our farmers.”

Mr. Trump admitted he was going off script because the steel order is aimed at more familiar trade boogeymen like China and Japan. But his **outburst in the Oval Office toward a friendly neighbor punctuated a week when tough talk on trade took center stage in a White House deeply divided over how aggressively to erect the trade barriers that Mr. Trump promised during his campaign.**

From Mr. Trump's "buy American, hire American" rallying cry in Wisconsin this week to Vice President Mike Pence's warnings to Japan and South Korea about the need to rewrite trade deals, the Trump administration is moving against free trade on multiple fronts. A senior White House official said there would be two trade-related events a week for the next few weeks. "He's *manically focused on these trade issues*," said Stephen K. Bannon, the president's chief strategist.

It would only be fitting that the bars on Donnie's cell are made with American steel.

The flurry of activity amounts to a comeback by nationalists like Mr. Bannon, who views trade as crucial to Mr. Trump's populist appeal but whose star has dimmed after clashes with globalist-minded aides like Jared Kushner, Mr. Trump's son-in-law, and Gary D. Cohn, the former Goldman Sachs banker and lifelong Democrat who is head of the National Economic Council.

The outcome of the debate between nationalists and globalists remains far from settled. Last week the globalists appeared to be winning when the administration decided not to formally designate China a currency manipulator, despite Mr. Trump's vow to do so during the campaign. Mr. Trump also offered President Xi Jinping of China other concessions on his trade agenda in return for China's help in curbing North Korea's nuclear program.

But the nationalists scored an early victory when Mr. Trump fulfilled one major trade promise only three days after taking office. He pulled the United States out of the Trans-Pacific Partnership, the 12-nation trade pact negotiated by President Barack Obama, declaring that the era of multinational trade deals was over.

After that, the president's "bark quieted down," said Gary Clyde Hufbauer, a senior fellow and trade expert at the Peterson Institute for International Economics. "Now the volume of the bark is going back up."

"But these are still barks," he added. "So far, no bites."

Mr. Trump's steel investigation is much broader than dozens of anti-dumping cases against China and other exporters filed by the Obama administration and its predecessors. It invokes a somewhat novel principle of using national security as the criterion for whether the imports are damaging the United States. The narrow argument is that a depleted American steel industry would be unable to produce enough steel to supply the military. More broadly, White House officials say an economically vibrant country is better able to defend itself.

It is unclear what steps Mr. Trump will take once the investigation is completed — within 270 days but probably sooner. The most obvious would be to impose tariffs on steel imports. Mr. Hufbauer said the United States could also use the results as leverage to persuade countries to accept voluntary export restraint agreements, such as those in the 1980s.

“We are groping here to see whether the facts warrant a comprehensive solution to deal with a very wide range of products from a very wide range of countries,” Wilbur L. Ross, the secretary of commerce, told reporters on Thursday. Mr. Ross’s department will run the investigation.

While the directive does not single out any country, the Chinese are clearly in the cross hairs. **China accounts for only 2 percent of direct steel exports to the United States, but its excess capacity drives down steel prices worldwide.** Surplus Chinese steel, shipped to other countries, ends up in the United States in other manufactured products. Mr. Ross noted that steel imports from China had continued to rise, despite the government’s pledge to cut back its overcapacity.

Still, the White House’s competing aims with China were on display as it rolled out the order.

When Mr. Trump was asked whether the investigation would affect his efforts to obtain Chinese cooperation on North Korea, he replied: “This has nothing to do with China. This has to do with worldwide, what’s happening. The dumping problem is a worldwide problem.”

Critics of the administration questioned its invocation of national security. **Most of America’s largest steel suppliers are friendly countries, like Canada, South Korea and Germany.** Analysts also noted that the value of steel imports declined 26 percent from 2015 to 2016, though the White House noted that imports rose 20 percent between February 2016 and February 2017.

“The U.S. has long criticized trading partners for abusively invoking national security as an excuse for trade protectionist actions, most recently China for its new cybersecurity law,” said Daniel M. Price, a trade adviser to President George W. Bush who is now at Rock Creek Global Advisors. “The administration’s action may render it subject to the same charge.”

Mr. Trump seemed unconcerned about that. Flanked by chief executives from American steel companies, he said the dumping of steel into the American market posed a threat not only to the economy but also to the military, which depends on steel for tanks, ships and planes.

“This is not an area where we can afford to be dependent on other countries,” Mr. Trump said. “We have a product where we actually need foreign countries to be nice to us in order to fight for our people. And that’s not going to happen any longer, believe me.”

In Asia, Mr. Pence brought a similarly blunt message, warning Japan and South Korea that the administration would seek new bilateral trade deals with them. Mr. Ross, a billionaire known for his hard-line trade views and investments in failing steel companies, joined Mr. Pence in Tokyo. The Japanese were sufficiently worried that they sought to exclude him from some of the higher-level meetings, an official said.

With Mr. Trump scheduled to attend a meeting of the Group of 7 countries in Sicily next month — his first foreign trip as president — some administration officials predicted that Mr. Cohn and Mr. Kushner would try again to moderate his language on trade.

But if Mr. Trump’s performance Thursday was any indication, he remains as seized by the subject as he was on the campaign trail. In two weeks, he noted, the White House will present its ideas for renegotiating the North American Free Trade Agreement.

“Nafta, whether it’s Mexico or Canada, is a disaster for our country,” he said. “It’s a disaster, it’s a trading disaster.”

Mr. Trump’s disparagement of Nafta led to his unexpected sideswipe of Canada. The president had a cordial meeting with Prime Minister Justin Trudeau, and Mr. Trudeau even took his daughter, Ivanka, to a Broadway show. None of that spared the Canadians from the president’s anger over how they protect their dairy industry — an issue that flared up after 75 dairy farmers in Wisconsin lost their main milk buyer because of a trade dispute with Canada.

“I was in Wisconsin the other day,” Mr. Trump said. “What they’ve done to our farm workers is a disgrace. It’s a disgrace.”